

Minutes for June 5, 1961

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

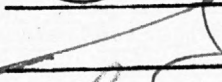
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

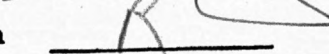
Chm. Martin



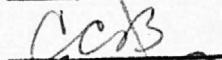
~~Gov. Szymczak~~



Gov. Mills



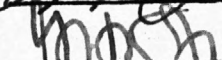
Gov. Robertson



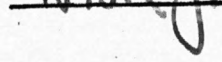
Gov. Balderston



Gov. Shepardson



Gov. King



Minutes of the Board of Governors of the Federal Reserve System
on Monday, June 5, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Young, Adviser to the Board
Mr. Fauver, Assistant to the Board
Mr. Petersen, Special Assistant, Office of
the Secretary

Messrs. Furth, Hersey, Katz, Wood, Irvine,
Gemmill, Reynolds, Dahl, and Maroni of
the Division of International Finance

Messrs. Noyes, Garfield, Holland, Koch,
Robinson, Dembitz, Williams, Eckert,
Solomon, Yager, Wood, Kalachek, Peret,
Allen, Altmann, and Manookian, and Miss
Dingle of the Division of Research and
Statistics

Economic review. The staffs of the Divisions of International
Finance and Research and Statistics presented a review of domestic and
international economic and financial developments.

At the conclusion of the review all of the members of the staff
except Messrs. Sherman, Kenyon, and Fauver withdrew and the following
entered the room:

Miss Carmichael, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations

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Mr. Sprecher, Assistant Director, Division of
Personnel Administration
Mrs. Semia, Technical Assistant, Office of
the Secretary
Mr. Potter, Legal Assistant
Mr. Langham, Chief, Call Report Section, Division
of Bank Operations
Mr. Thompson, Review Examiner, Division of
Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of San Francisco on June 2, 1961, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Items circulated to the Board. The following items, which had been circulated to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Comptroller of the Currency recommending favorably with respect to the application of First State Bank of Westminster, Westminster, Colorado, to convert into a national banking association.	1
Letter to Congressman Steed regarding a constituent's request for information on certain banks in Oklahoma.	2

Report on competitive factors (Columbia-Clemson, South Carolina).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Fort Hill Bank and Trust Company, Clemson, South Carolina, with and into The First National Bank of South Carolina, Columbia, South Carolina.

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After a brief discussion the report was approved unanimously, its conclusion reading as follows:

The proposed merger would eliminate no important competition. It should have the effect of increasing, to a moderate degree, competition between First National and The South Carolina National Bank, Charleston, the largest bank in the State.

Messrs. Farrell and Langham then withdrew from the meeting.

Application by The Marine Corporation. At its meeting on June 1, 1961, the Board considered an application by The Marine Corporation, Milwaukee, Wisconsin, for approval of the acquisition of 80 per cent or more of the 22,500 outstanding shares of common stock of Wisconsin State Bank, Milwaukee, Wisconsin. Governors Mills and King were disposed to approve the application, while Chairman Martin and Governors Balderston, Robertson, and Shepardson were inclined toward denial. In recognition of the fact that the Federal Reserve Bank of Chicago had recommended approval, it was agreed that Mr. Solomon would ask the Reserve Bank if it wished to offer any further information or views in regard to the matter.

A memorandum dated June 5, 1961, from the Division of Examinations, which had been distributed, set forth deposit data for Wisconsin State Bank, other banks in its primary service area, and Marine Corporation's subsidiary banks as of December 31, 1960. It was noted that the figures, compiled as the result of a suggestion by Governor Mills at the June 1 meeting, showed relatively little variation from the relationships found as of June 15, 1960.

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Mr. Solomon reported on his conversations with President Allen of the Federal Reserve Bank of Chicago, who had stated that he agreed with the Reserve Bank's recommendation for approval of the stock acquisition and indicated that there was no further information that it seemed should be brought to the Board's attention. President Allen also said that the Reserve Bank considered this case somewhat more difficult than the application of Bank Stock Corporation to acquire The Bank of Commerce, Milwaukee, which the Board recently approved, and appreciated that opinions might differ.

After further discussion it was agreed that, since no significant additional information had been obtained as the result of the further check with the Chicago Reserve Bank, the decision reached by the Board at its meeting on June 1, 1961, should be regarded as final, with Chairman Martin and Governors Balderston, Robertson, and Shepardson recorded as voting for denial and Governors Mills and King recorded as voting to approve. Accordingly, it was understood that the Legal Division would draft for the Board's consideration an order and statement denying the application, and that a statement in explanation of the dissenting vote of Governor Mills also would be prepared along with such statement, if any, as might be desired in explanation of the dissenting opinion of Governor King.

Messrs. Solomon, Hostrup, Thompson, and Potter then withdrew from the meeting.

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Report to the President's Committee on Equal Employment Opportunity (Item No. 3). A memorandum dated June 2, 1961, from Mr. Sherman had been distributed in connection with Executive Order No. 10925, of March 6, 1961, which provided for the establishment of the President's Committee on Equal Employment Opportunity. The memorandum indicated that the main responsibility of the Committee was to promote and insure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on Government contracts. The new Committee succeeded the President's Committee on Government Employment Policy established in 1955.

Among other things, the Executive Order provided that all executive departments and agencies should initiate studies of current Government employment practices within their responsibility. These studies were to include statistics on current employment patterns, a review of current policies, and recommendation of positive measures for the elimination of any discrimination, direct or indirect. Reports based on those studies were to be submitted to the Committee, it being requested that the first report be made not later than June 6, 1961. In accordance with those provisions of the Executive Order, a draft of report had been prepared under the direction of the Board's Employment Policy Officer, in consultation with the Division of Personnel Administration, and was attached to the memorandum, together with a draft of transmittal letter.

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After discussion, during which various questions were raised regarding the subject matter and several suggestions were adopted for minor changes in the text of the proposed report, the report to the Committee was approved unanimously. A copy of the letter transmitting it is attached as Item No. 3.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

Memoranda from the Division of Administrative Services recommending the appointment of the following persons as Property Clerks in that Division, on a temporary basis (beginning about June 6, 1961, and extending approximately six pay periods) with basic annual salary in each case at the rate of \$3,500, effective the dates of entrance upon duty:

Loreto J. Clavelli

Peter C. Fulghum

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 4) approving the appointment of James Mason Benham as assistant examiner.

Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
6/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 5, 1961



Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention: Mr. C. C. Fleming,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated April 28, 1961, enclosing copies of an application of the First State Bank of Westminster, Westminster, Colorado, to convert into a national banking association and requesting a recommendation as to whether or not the application should be approved.

The applicant bank opened for business as a State member bank in May 1959. The capital structure, earnings prospects, and general character of management of the institution are satisfactory. The bank is apparently well established and ably serving the convenience and needs of an area in which it is the only commercial bank. Accordingly, the Board of Governors recommends favorable consideration of the application of the bank to convert into a national banking association.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 2
6/5/61

OFFICE OF THE CHAIRMAN

June 5, 1961

The Honorable Tom Steed,
House of Representatives,
Washington 25, D. C.

Dear Mr. Steed:

In response to your letter of May 18, we are enclosing a table showing deposits, loans, and capital accounts reported by six selected State member banks in Oklahoma as of year-end call dates 1950, 1955, and 1960.

Since dividend payments made by State member banks are included in earnings and dividends reports and are not required to be published, we are only showing the average per cent of dividends paid. These percentages are shown in a separate table and are based on aggregate capital account items and aggregate cash dividend payments for all six banks. The banks in which your constituent is interested may publish information regarding dividend payments voluntarily, in which case such payments made during the specified years might be obtained from the individual banks.

We hope these data will be helpful to Mr. Kemmerer.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 3
6/5/61

OFFICE OF THE CHAIRMAN

June 5, 1961

Mr. Jerry R. Holleman,
Executive Vice Chairman,
The President's Committee on
Equal Employment Opportunity,
Washington 25, D. C.

Dear Mr. Holleman:

Section 202 of Executive Order 10925 provides that all executive departments and agencies shall initiate studies of current Government employment practices within their responsibility. It specifies further that the studies shall include (1) statistics on current employment patterns, (2) a review of current procedures, and (3) recommendation of positive measures for the elimination of any discrimination, direct or indirect.

In line with these provisions and your communication of April 28, 1961, current employment policies at the Board of Governors of the Federal Reserve System have been reviewed. The results of the review are outlined in the enclosure.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosure

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
6/5/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 5, 1961



Mr. Eliot J. Swan, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Swan:

In accordance with the request contained
in your letter of May 26, 1961, the Board approves the
appointment of James Mason Benham as an assistant
examiner for the Federal Reserve Bank of San Francisco.
Please advise us of the effective date of the appoint-
ment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.